

What next for Truss?

Published: January 13, 2026, 11:33 am

I [posted this thread on Twitter](#) this morning:

Few weeks come like the last one. The problem now is what will follow it, because the market turmoil we saw was all about anticipation of the mess to come. So, let me look forward and imagine what might happen next. A thread....

Truss and Kwarteng have already spectacularly trashed the UK economy by failing to provide details to financial markets on how their massive spending and tax cuts will impact on government finances.

The failure was not, in the eyes of the City, because of the cuts in tax (although few seem to favour them) but because the failure to provide costings seems to indicate either a total lack of planning or a reliance on dogmatic blind faith as a basis for economic management.

The City and world financial markets can cope with ideology. What they can't cope with is a lack of managerial ability coupled with poor communication skills meaning they, like everyone else, were left in the dark wondering what this was meant to be about.

The difficulty now is that what has been done cannot be undone. The Tories can't pretend that they never appointed Truss. The so-called mini-budget cannot be unwound, or the weaknesses it exposed now be covered up. And the damage won't go away if anyone tried to do that.

Economically a very different and radical route is required, which also takes the needs of the City into account. Danny Blanchflower and I have set out such a route. I am not going to repeat it here.

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Instead, what I want to focus on is what happens now that these events have happened. What can we look forward to?

There are some things we can be sure about. At least five opinion polls show Labour leads averaging around 25%. That lead is real. It also feels unassailable, even if the margin could decline a bit. The next government is going to be formed by Labour, with a big majority.

Right now it is even possible that the SNP might be the official opposition so repulsive are the Tories in England and Wales. However, I would suggest some caution here: I suspect voting will be a lot more tactical than polls currently suggest and other parties will do well too.

That change is, however, two years away in all likelihood, and unless the Tories, or 'events' decide otherwise the reality is that there is no way in the UK for an opposition, however popular it might be, to oust a sitting prime minister with an apparent majority by itself.

So, to provide some structure to this thread, let me first look at what Truss might try to do. Then let's consider how the Tories might react. Finally, I will look at 'events' and how they might impact on all this.

Truss is a true believer in the far-right economic and social ideology that so-called think tanks like the Institute of Economic Affairs and the bizarrely named Taxpayers' Alliance have been promoting for decades on the back of their dark money funding (meaning we don't know their sources).

There is, I suggest, not a hope that she will deviate from the line she has chosen. She believes in the small state. She wants to cut taxes for the wealthy and will not be happy until there is a flat tax rate. It seems that she is utterly indifferent to those in poverty.

It follows that she will not be changing the mini-budget she proposed. I also have no doubt that she will also be seeking to cut government spending whilst slashing regulation. The best way to think of that is to imagine a lot more literal shit in our rivers and on our beaches.

The NHS, education, social care and much more will come under threat. Wherever a charge can be created it will be. Privatisation will be promoted wherever possible. She will seek to outsource all she can as quickly as possible to limit future governments' scope for manoeuvre.

We always knew that this was the Tufton Street agenda, named after the Westminster road where most of the Truss-aligned think tanks are located. Truss did not get the power to deviate from the plan they have given her. She has got power to deliver for them.

This plan will undermine growth. That is because consumers will not be spending because their energy and housing costs are going to spiral, and basics will consume anything left over. As a result businesses will not invest and Brexit has killed exports.

The only route to growth given those near certainties is through an expansion of government activity and Truss has made it clear that is not going to happen.

As a result it is likely Truss will precipitate a deep recession. It will leave millions unable to pay their bills, but Truss and her team seem to think those who will not be able to pay are shirkers and so she will not care.

Companies will also fail - but her team will call them 'zombies', suggesting that if they needed the support that low-interest rates provided then the economy can do without them and they should be cleared out to make way for new growth, although from where no one knows.

So, whatever she says, Truss actually knew the plan she has put forward would create the mayhem it will deliver, and that was and remains its intention. This is the economic theory of creative chaos being played out before us.

The reasonable assumption to this first part of this review is to assume that Truss will remain committed to her plan whatever the consequences of it might be. It is her certain belief that what she is doing is good for us.

She will, in that case, blame us all for not believing enough in the outcomes she can foresee, especially for her rich friends and allies.

But in that case how will the Tories react? I am for now ignoring the party membership: they have done enough damage to last a lifetime. I assume no one is ever planning to ask them for their opinion ever again. By Tories, I mean those MPs elected as Conservatives.

Watching Michael Gove on Laura Kuenssberg's programme on Sunday was indicative of the fact that she does not have the confidence of all in her ranks. He is clearly very angry. The absence of so many MPs from Tory party conference is further indication of that.

But mostly telling will be what happens on her return to Westminster. Some Tories will, of course, loudly support all she is doing. The right-wingers who have delivered Brexit and who then promoted Johnson before defenestrating him will now loudly cheer Truss.

I rather strongly suspect most Tory MPs are not in this group. They are, instead, scared witless by what has happened. They, of course, did not choose Truss. Many of them actively did not want her. Many voted for Sunak or Mordaunt.

Like Gove, they think what she is doing is not just a U-turn too far (on issues like debt,

for example) but just wrong (on tax cuts for the wealthiest and bankers' bonuses, for example). They also know the 'growth plan' is crazy, because that is glaringly obvious.

Some of these opponents will become apparent very soon. It is rumoured that Gove and Shapps are behind the U turn on the 45p tax rate. They clearly got a lot of support.

Prime Minister's Questions is going to be a nightmare for Truss, and not just because of the gifts she keeps giving the opposition parties. I suspect she will otherwise try to avoid the house as much as possible.

But Truss does not need to be in the House to be opposed. What the Tory MPs who oppose her, including many of the Committee chairs (plus the Lords, which is likely to see a big majority against her) will deliver will be continual sniping against her policies.

The likelihood that Truss will very quickly find she cannot command the House of Commons is high, and that ultimately defines whether a person can be prime minister or not. However, what we might also find is that the Tories may not be willing to bring Truss down, yet.

Labour can do what it likes to oppose Truss, but unless it tables a motion of no confidence in her and is sure that at least 40 Tories will join them or 80 will abstain then there is no way that they can force a general election.

And the trouble is that however much Tory MPs might hate Truss, they might not fancy an election either. That could change, but right now the chance that they will be wanting to give up their incomes for the next two years seems to be low to me.

There may have been 50 ministers who quit to bring down Johnson, but did that cost them much? No. Bringing down the Tories will impose that cost, and they might have reservations about that. If that's the case Labour is not going to bring the Tories down, yet.

This is my fear. In that case the chance we will have a zombie government, unable to achieve almost anything but unable to die either, is high. This limbo land might, I suggest, last for some time until, that is, 'events' occur that change the minds of those Tory rebels.

The terms 'events' does, of course, come from Harold MacMillan and refers to anything that changes the fate of a government. If big enough, Tory MPs might then decide their career prospects after parliament could be improved by rebelling.

What might those events be? Another slide in the pound. Or interest rates going up, out of control. Deregulation measures could provoke major protests. Pay controls could lead to strikes. And there is the simple inability to pay by many that might provoke anger.

Any of these things might happen. So could others. I have no clue as to which, or when.

That's the whole thing about 'events'. They are unpredictable. But they do happen, you just don't know when.

So what do I think will happen? Truss will plough on. Many of her MPs will hate her for it. And given that 'events' will happen the chance to bring her down will arise before 2024. Meanwhile, the paralysis that might exist in parliament might limit the damage Truss can do.

But, even the uncertainty will be crippling for the UK, and the rest of the world will look on horrified by what they will witness. There is no good outcome from the situation the Tories have put us in. But I think this will end sooner than Truss hopes. I have to cling on to that.

Then I have to hope Labour are really ready for what comes next. I am not yet sure they are, because the inheritance is going to be very grim, whatever happens, and it will take considerable flare to manage that successfully. There is a rocky road ahead.